

Formalizing the informal: Experiences from a training and certification scheme in the dairy sector in Assam (India) and Kenya

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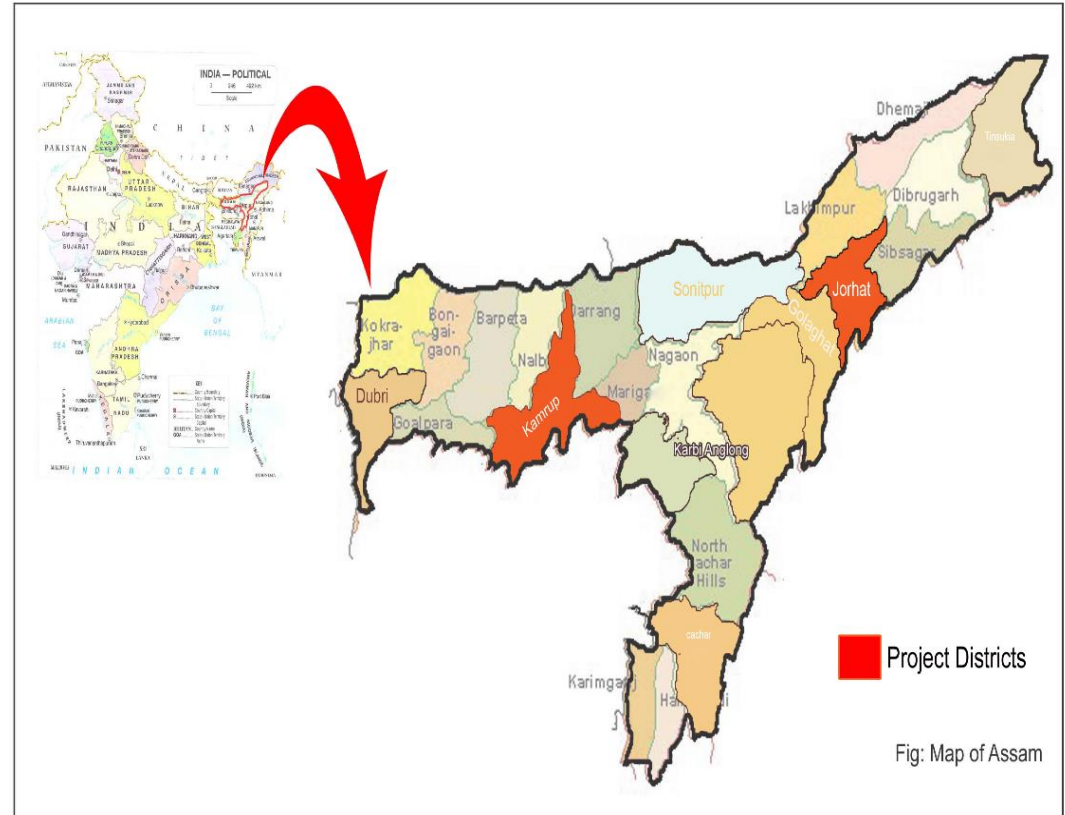
Background

- About 80% milk in India and 86% in Kenya is traded by informal market actors
 - This provides greater market access to producers
 - Creates employment for many poor market actors
 - Milk in informal sector not necessarily unsafe just as milk in formal sector not necessarily safe
- But milk traded often does not meet national food safety standards
- Raw milk is a major source of foodborne and zoonotic diseases
- No effective regulatory system to ensure hygiene and quality

Objectives

- To identify health risks from milk in informal milk value chain
- To increase knowledge and capacity of informal market actors
- To improve hygiene and quality of milk marketed by them
- To help legitimize the informal sector in view of authorities
- To advocate for enabling policy environment

Map showing the project sites



Project site: Eldoret and Kisumu in Kenya
Guwahati and Jorhat in Assam

Some pictures



Background of dairying

Kenya

- Dairying relatively new activity: introduced in last 100 years
- High turnover of traders and no associations
- Powerful, well connected formal sector which opposed informal sector
- Informal sector actively discouraged
- Traders had to pay large bribes because of informality
- Strong influence of donors and NGOs

Assam (India)

- Dairying age-old traditional activity
- Milk trading often long-term activity and traders already in associations
- Formal sector relatively weak and did not actively oppose informal sector
- Informal sector suffered 'benign neglect'
- Paying bribes is not common
- Relatively less influence of donors and NGOs

Key components of training and certification (T&C) scheme

Kenya

- Customized training manuals developed by ILRI and endorsed by government authorities
- Recruitment and accreditation of private sector trainers (business development service providers, BDS) by authorities
- Training of milk traders by BDS, upon payment of fee by traders
- Obtaining certificate of training
- Certificate facilitates access to a licence
- Only traders were trained

Assam (India)

- Training manuals were adapted to Assam's context
- Dairy officers were trained as trainers
- Trained producers and traders were monitored for 6 months
- Issued training certificate only after monitoring
- Both traders and producers were trained
- No licence was issued
- Consumers' awareness building was part of the initiative

Implementing partners

Kenya

- Ministry of Livestock and Fisheries Development
- Kenya Dairy Board
- Kenya Agricultural Research Institute
- Kenya Bureau of Standards
- Ministry of Health
- Civil society organizations
- International Livestock Research Institute

Assam (India)

- Dairy Development Department
- Animal Health and Veterinary Department
- Department of Health Services
- Municipal Corporation
- Farmers' and traders' associations
- International Livestock Research Institute

A comparative analysis of the program

Kenya

- Licensing of trained traders was emphasized
- Tried to make a demand-driven, trader-funded initiative
- No joint committee among the partners
- Kenya Dairy Board led the initiative with technical support from ILRI
- Policy facilitation was an important part of the initiative

Assam (India)

- Licensing was not emphasized
- Adoption of improved practices was emphasized more
- Tried to make publicly owned initiative with strong community participation
- Dairy Development Dept. led the initiative with technical support from ILRI under 'JCMC'
- Policy facilitation was not top of agenda

Keys drivers that helped in implementation

Kenya

- Endorsement of the project by the government
- Adjustment of government regulatory environment allowed for the scheme to be embedded in the legislative context
- Engagement with local NGO and financial support from donor in the initial project stages
- Interest created among BDS and incentives for all partners clearly identified

Assam (India)

- All responsible government departments came under a common platform: JCMC
- Producers' and traders' associations were made integral part of the initiative
- Instead of showing the fear of rules and regulation, producers and traders were treated as friends
- Monitoring was done at regular intervals to encourage the market actors
- Training certificates were issued only after monitoring
- Increased social recognition and self esteem were emphasized

Economic consequences on milk trading - Assam's example

Comparison of quantity, costs and prices of milk sold by milk traders between with and without training in the exposed group (Source: ILRI's impact assessment study, 2012)

	Exposed (Kamrup)			
	With training		Without training	p value
	Mean		Mean	
1. Total milk procured per day (litre)	146.79		86.03	0.09
2. Total milk sold per day (litre)	151.56		90.15	0.09
3. Cost of milk procured per day (RS)	4129.70		2236.20	0.08
4. Cost of operations per day (RS)	260.47		153.68	0.00
5. Total cost/day (3+4) (RS)	4390.17		2389.88	0.07
Cost/litre milk sold (RS)	28.97		26.51	0.56

	With training	Without training
Price/litre at consumers' place	31.01	30.20
Cost/litre	28.97	26.51
Margin	2.04	3.70

Limitations

Kenya

- Promotion of the scheme nationwide hasn't been strong
- Requests for licenses have not been as many as expected
- No higher government revenue as expected
- Government has not given strongest support possibly due to pressure from big business players
- Lack of external encouragement and involvement in the project in the long run

Assam (India)

- In the absence of any policy support, the fate of the project depends more on the interest and commitment of key government officials
- Frequent transfer of key government officials affects the normal pace
- Traders expect more direct incentives from the initiative
- Lack of continuous flow of funds from government to the sector

Outcome of the initiative

Kenya

- Improved business skill of market actors
- Improved milk quality among trained traders
- Reduced milk spoilage and losses
- Traders better able to judge milk quality
- Growth in consumer confidence
- Behaviour change of key stakeholders
- 'Milk War' in Kenya
- Kenya Dairy Board framed a policy to support the initiative
- Replicated in other East African countries

Assam (India)

- Increased coordination and cooperation among relevant government departments
- Increased trust between informal market actors and government officials
- Government of Assam allocated funds for improvement of the informal sector for the first time
- Increased knowledge and capacity
- Improved hygiene
- Behaviour change of key stakeholders
- Increased demand and profit margin
- Increased productivity of milk by 11.7%
- Reduced incidence of sub-clinical mastitis

Lesson learned

- True incentives for ALL PARTIES are essential for sustenance
- Policy advocacy and pressure on governments should be maintained
- Continuous financial support from the government or donors is essential
- Informal market actors need representation in policy advocacy
- Traders' associations need to take a more proactive role to expand the scheme

Conclusion

- We should be responsible and accountable to remaining 80% of consumers
- Instead of penalizing informal market actors, should try to help them to rectify their wrong doings
- Need to build their knowledge, capacity, confidence and accountability
- R&D on informal sector should be emphasized more
- Government should frame policy to regulate not to stop them
- Informal sector should be supplementary or complementary to the formal sector

Thank you

